Invesco

CollegeBound 529 Unit Classes

Data as of Dec. 31, 2023

Invesco Core Bond Portfolio

Quarterly Performance Commentary

CUSIPS: A:76223R101 C:76223R200 I:76223R309

Investment objective

The portfolio seeks total return.

Portfolio management

Matthew Brill, Michael Hyman, Todd Schomberg

Management is that of the underlying fund.

Portfolio information

Total net assets	$2,618,291
Total number of holdings	848

Holdings shown are that of the underlying fund.

Holdings statistics

"Weighted Average Effective Maturity (years)"	10.70

Data shown is that of the underlying fund.

Investment categories (%)	
Securitized Debt	41.3
MBS	31.7
ABS	5.6
CMBS	3.9
Corporate Bonds	24.1
US Investment Grade Bonds	23.1
US High Yield Bonds	1.0
Government Bonds	14.0
US Treasuries	14.0
Non-US Debt	5.0
Non-US Investment Grade Bonds	4.7
Non-US High Yield Bonds	0.2
Emerging Markets Debt	0.0
Soverign Debt	0.0
Municipal Bonds	0.2
Convertible Bonds	0.0
Other	0.2

Data shown is that of the underlying fund. May not equal 100% due to rounding.

Portfolio commentary provided is based on the underlying fund.

Market overview

- In the fourth quarter, data indicated a bumpy economic landing with a disinflationary trend as inflation slowed and labor market pressures eased. Resilient economic data supported risk assets and the expected recession remained a mirage.
- At the start of the quarter, yield spreads between Treasuries and non-Treasuries became tighter and bond yields rose. After the US Federal Reserve's (Fed) December meeting, yields declined as investors appeared to become more confident that rates had peaked, with futures markets signaling at least one rate cut by early spring.
- Corporate fundamentals appear solid, and most companies have been benefiting from low overall funding costs available before the recent rise in rates. Financials still appear in our view very cheap, while industrials appear very expensive, which means valuing corporate bonds is nuanced. We expect market technicals (supply/demand) to remain strong as issuance should be contained going into 2024, but higher valuations may offset technical support.
- Current yields have remained elevated. Near term, we believe the best risk-adjusted opportunities are in higher quality assets. Longer term, we view the current interest rate level as an attractive entry point.

Performance highlights

- The portfolio's Class A units at net asset value (NAV) had a positive return for the quarter and outperformed its benchmark, the Bloomberg US Aggregate Bond Index. (Please see the investment results table on page 2 for portfolio and index performance.)

Contributors to performance

- **Security selection:** The portfolio benefited from security selection in the banking and consumer cyclical sub-sectors.
- **Sector allocation:** Overweights in the REITs and transportation sub-sectors positively affected relative return.
- **Treasuries:** An underweight in Treasuries positively affected relative return.

Detractors from performance

- **Security selection:** Security selection in the brokerage/asset managers/exchanges and technology sub-sectors detracted from relative return.
- **Sector allocation:** An overweight in the consumer non-cyclical sub-sector detracted from relative return.
- **Securitized assets:** An overweight in securitized assets, particularly mortgage-backed securities (MBS) and asset-backed securities (ABS), negatively affected relative return.

Positioning and outlook

- During the quarter, we maintained an overweight in investment grade corporates, which we believe should perform well in a soft landing or recession scenario. In a soft landing, interest rates would come down more slowly and bond investors would continue to earn high yields for longer. In a recession, the Fed is likely to cut rates faster thus accelerating bond returns via duration exposure. Investment grade bonds should outperform growth-sensitive assets like equities in a recession scenario. We also believe the credit market seems "under-invested," with significant cash on the sidelines or in money markets. As investors turn positive, we believe entrance of this cash into the market will boost demand, providing a technical tailwind for credit assets over coming quarters.
- Within investment grade corporates, we maintain an overweight in financials, particularly in the banking sector. After the regional banking crisis last March, we saw a unique buying opportunity in financial credits where yield spreads compared to Treasuries were elevated. We believe the "Big 6" banks (Bank of America, Wells Fargo, Goldman Sachs, Citi, JP Morgan and Morgan Stanley), as well as super-regional and high-quality regional banks, offer attractive opportunities since they have been tading at wide spreads. We believe the outlook for lower future interest rates will benefit banking fundamentals, with valuations still at historically cheap levels.
- We maintained an overweight in residential mortgages because we believe they should benefit from an expected decrease in rate volatility as the Fed has indicated its hiking cycle is likely over. We increased the allocation to Treasuries to take advantage of heavy issuance in the new year.

Investment results

Average annual total returns (%) as of Dec. 31, 2023

	Class A units		Class C units		Class I units	Style-Specific Index
	Inception: 10/22/21		Inception: 10/22/21		Inception: 10/22/21	
Period	Max Load 3.50%	NAV	Max CDSC 1.00%	NAV	NAV	Bloomberg U.S. Aggregate Bond Index
Inception	-6.23	-4.45	-5.18	-5.18	-5.18	-
1 Year	1.00	5.23	3.58	4.58	5.70	5.53
Quarter	2.61	6.85	5.59	6.59	6.97	6.82

The performance quoted is past performance and is not a guarantee of future results. Investment returns and principal value of an investment will fluctuate so that an account owner's units, when redeemed, may be worth more or less than their original cost. Current performance may be higher or lower than the performance data shown. For up-to-date month-end performance information please call 877 615 4116, or visit collegebound529.com. Performance figures reflect reinvested distributions of the underlying security and changes in net asset value (NAV). No contingent deferred sales charge (CDSC) will be imposed on redemptions of Class C units following one year from the date units were purchased. Performance shown at NAV does not include applicable CDSC or front-end sales charges, which would have reduced the performance. Class I units have no sales charge; therefore, performance is at NAV. Returns less than one year are cumulative; all others are annualized. Index returns do not reflect any fees, expenses, or sales charges.

Expense ratios (%)

Class A units	0.82
Class C units	1.57
Class I units	0.57

Total annual asset-based fee per the current Program Description.

Credit quality breakdown (% of total)	
AAA	11.83
AA	43.41
A	13.49
BBB	14.41
BB	1.11
B	
CCC and below	0.25
Not rated	0.29
Cash and Cash equivalent	15.20

Data shown is that of the underlying fund.

Ratings source: Standard & Poor's, Moody's or Fitch, as applicable. A credit rating is an assessment provided by a nationally recognized statistical rating organization (NRSRO) of the creditworthiness of an issuer with respect to debt obligations, including specific securities, money market instruments or other debts. Ratings are measured on a scale that generally ranges from AAA (highest) to D (lowest); ratings are subject to change without notice. If securities are rated differently by the rating agencies, the higher rating is applied. Not Rated indicates the debtor was not rated and should not be interpreted as indicating low quality. A negative in Cash indicates fund activity that has accrued or is pending settlement. For more information on the rating methodology, please visit www.standardandpoors.com and select 'Understanding Ratings' under Rating Resources on the homepage; www.moodys.com and select 'Rating Methodologies' under Research and Ratings on the homepage; www.fitchratings.com and select 'Ratings Definitions' on the homepage.

For more information you can visit us at collegebound529.com

Class I units are available only to certain investors. See the Program Description for more information.

The Bloomberg U.S. Aggregate Bond Index is an unmanaged index considered representative of the US investment-grade, fixed-rate bond market. An investment cannot be made directly in an index.

Effective duration is a modified duration calculation which incorporates the expected duration-shortening effect of an issuer's embedded call provision. **Weighted average effective maturity (WAM)** is a measure, as estimated by the underlying fund's portfolio managers, of the length of time the average security in a bond fund will mature or be redeemed by its issuer. It takes into account mortgage prepayments, puts, adjustable coupons and potential call dates.

About risk

Risks of the Underlying Holding

An issuer may be unable to meet interest and/or principal payments, thereby causing its instruments to decrease in value and lowering the issuer's credit rating.

Derivatives may be more volatile and less liquid than traditional investments and are subject to market, interest rate, credit, leverage, counterparty and management risks. An investment in a derivative could lose more than the cash amount invested.

Fixed-income investments are subject to credit risk of the issuer and the effects of changing interest rates. Interest rate risk refers to the risk that bond prices generally fall as interest rates rise and vice versa. An issuer may be unable to meet interest and/or principal payments, thereby causing its instruments to decrease in value and lowering the issuer's credit rating.

The risks of investing in securities of foreign issuers, including emerging markets, can include fluctuations in foreign currencies, political and economic instability, and foreign taxation issues.

Obligations issued by US Government agencies and instrumentalities may receive varying levels of support from the government, which could affect the fund's ability to recover should they default.

Junk bonds involve a greater risk of default or price changes due to changes in the issuer's credit quality. The values of junk bonds fluctuate more than those of high quality bonds and can decline significantly over short time periods.

Mortgage- and asset-backed securities are subject to prepayment or call risk, which is the risk that the borrower's payments may be received earlier or later than expected due to changes in prepayment rates on underlying loans. Securities may be prepaid at a price less than the original purchase value.

The portfolio is subject to certain other risks. Please see the current Program Description for more information regarding the risks associated with an investment in the portfolio.